in the US as reported widely in the US media over the dispute regarding the Dabhol Power Project; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) No. Sir.

(b) Does not arise.

**Decision of financial institution to withhold loans from 23 power projects**

5196. SHRI K. B. KRISHNA MURTHY: Will the Minister of POWER be pleased to state:

(a) whether according to Economic Research India Survey, major Indian and overseas promoters in all 23 power projects worth more than Rs. 50,000 crore have withdrawn their interest in the project;

(b) if so, whether this contraction in power sector investments is due to inability of SEBs to arrange for proper payment cover and the decision of financial institutions to withhold loans; and

(c) what is the status of power reforms?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) Government is aware of the news item appearing in the Economics Times of 22nd April, 2002 quoting Economic Research India Survey. However, the details, as per information available, in regard to foreign investors who have withdrawn from power projects, are mentioned below:

(i) M/s Cogentrix Energy Inc., withdrew from the 1013.2 MW Managalore Thermal Project, Karnataka. No reasons for the withdrawal were indicated by the company.

(ii) M/s Electricite de France, a French Power Company, conveyed its decision to withdraw from the 1082 MW Bhadrawati Thermal Plant in Maharashtra. The following reasons were indicated for pulling out from the project;

(a) Inordinate delay in getting clearances from various authorities.

(b) A very high coal price sought by the coal supplier.

(c) Lack of proper commitment to escrow arrangements.

(iii) In the case of Maheshwar Hydel Power Project (10x40MW), Madhya Pradesh, M/s Bayerwerk View decided to pull out due to non-project specific reasons. M/s. Ogden Energy, USA, exited from the same project due to its own reasons *viz.,* internal restructuring and changed business focus.

(iv) In the case of the 1070 MW Korba East Thermal project, M/s. Daewoo Power (India) Ltd. gave termination notice to the Government of Madhya Pradesh on 14.8.2000 citing inability of the Madhya Pradesh Electricity Board to provide payment security.

(v) In the case of the 420 MW Bakreshwar Thermal Project in West Bengal units 4&5, the Government of West Bengal, informed that M/s. Bakreshwar Power Generation Co. Ltd., which is the Joint Venture Company set up by the West Bengal Power Development Corporation, M/s. DCL and M/s. Ogden Energy Asia Pacific Ltd., for setting up the project, has since been wound up and M/s. Ogden Energy Asia Pacific has exited from the Joint Venture Company.

(vi) In the case of the 150 MW Gouripore Thermal Power Project in West Bengal, the State Government have revoked the authorization under Section 18A given to M/s. Gouripore Power Company Ltd., and have authorized West Bengal Power Development Corporation to establish, own, operate and maitain the Gouripore Thermal Power Project with a revised configuration of 2x125MW.

(vii) In the case of the 6x660 MW Hirma Thermal Power Project, which is being developed as a mega power project, the foreign promoters of the project, M/s. Mirant Asia Pacific Ltd. have announced their withdrawal from the

project stating that several key milestones for activities, Implementation Agreement and Transmission Services Agreement had not been met.

(b) Inability of the State Electricity Boards to provide adequate payment security cover to the private sector power projects, which is a requirment of the project developers and more particularly the financial institutions, has been one of the main reasons due to which the majority of private sector power projects could 'not' achieve financial closures inspite of progressing well on other fronts.

(c) The States have accepted the need for power sector reforms. A consensus was reached in the Conference of Chief Ministers/ Power Minister held in March, 2001 on the need to depoliticise power sector reforms and speed up their implementation. It was resolved in the conference'to achieve break even in distribution in two years time and achieve positive returns thereafter. It was also resolved that State Electricity Regulatory Commissions (SERCs) would be made function and tariff petition filed and subsidy may be given only to the extent of State Government's capacity to pay the subsidies explicitly through budget. The Government of India has Signed Memoranda of Understanding (MoUs) with twenty-one States. The MoUs are a joint commitment of the Centre and the States to undertake reforms in a time-bound manner. The State Governments commitment in these MoUs include setting up of the State Electricity Regulatory Commission, 100% metering of 11 KV feeders and all consumers, energy audit, reduction of technical and commercial losses, achievement of commercial viability in distribution etc. Government of India has committed its support through additional allocation of power from central Generating Stations and financial assist an for strengthening of sub-transmission and distribution as well as for renovation and modernization of thermal and hydel power plants. 12 State Electricity Regulatory Commissions have passed tariff orders which reflect a trend towards tariff rationalization. It is expected that with the reform and restructuring of power sector, the confidence of investors in power sector will improve.